



Communicator

News from the Rhode Island District Office

November
2002

Small Business Administration Offers Free Rhode Island Small Business Source Book

In This Issue

SBA and IRS to Hold Free Workshops

Military Reservist Disaster Loan Application Now Online

Small Business E-Commerce Trends Accelerate

Seminar Planned for Tax Professionals

Success Story: Fenestration Architectural Products

SBA Guarantees 117 loans in Rhode Island for \$7 Million

District Director's Message

Would-be entrepreneurs who dream of starting a small business can improve their chances of success with a free copy of the Rhode Island Small Business Source Book. The 27-page guide was developed by the U.S. Small Business Administration (SBA).

The Source Book is an excellent reference tool for the small business community. The chapter on *How to Start a Small Business* describes the various business structures, and includes tips for writing a business plan.

The *Regulations and Your Business* chapter has federal and state requirements relating to small business and how to contact agencies that can provide information, forms and assistance.

The *Financing Your Business* chapter includes information about the types of business loans, how to write a loan proposal, and details about the various SBA loan-guaranty programs. There is also a list of Rhode Island SBA participating lenders.

The *Assistance* section has contact information for SCORE, the Rhode Island Small Business Development Center, and the Center for Women and Enterprise. The chapter also features tips on how to participate in government contracting, and

other sources of technical assistance such as the business information centers and chambers of commerce around the state.

"I recommend that every entrepreneur take advantage of the many free programs, services, and the resources highlighted in the Source Book," said

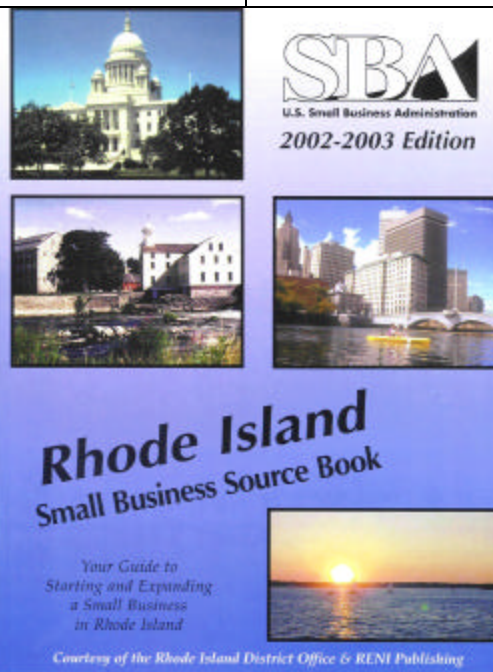
Mark S. Hayward, Director of the SBA Rhode Island District Office. "There is no question that the lending and resource partners listed in the book can help make your dream of business ownership become a reality," Hayward added.

The introduction page asks a key question that should be answered by anyone who wants to start a small business: Is Entrepreneurship For You? The seven points covered in this section will help potential small business owners focus on the importance of planning and preparation, and the evaluation

of strengths and weaknesses that should be considered before proceeding.

The Source Book also describes the types of insurance to consider for a small business, and the forms needed for operating a business in Rhode Island.

Get your free copy of the SBA Rhode Island Small Business Source Book by calling (401) 528-4561, or by e-mail to providence.ri@sba.gov. The Source Book is also available around the state at chambers of commerce, banks, and libraries.



SBA Disaster Loans Available Following Secretary of Agriculture Declaration

The U.S. Small Business Administration (SBA) announced today that Federal disaster loans are available to small, non-farm, agriculture-dependent businesses located in all five counties in Rhode Island.

"SBA's disaster declaration was issued as a result of a similar action taken by the Secretary of Agriculture to help farmers in these states recover from losses caused by drought, that occurred from October 1, 2001 and continuing," said SBA Disaster Area Director William E. Leggiero, Jr.

Under this declaration, SBA's Economic Injury Disaster Loan (EIDL) program is available to **small agriculture-dependent businesses and small agricultural cooperatives** that suffered economic injury as a direct result of the severe weather's effect on agricultural producers. For example, a business that sells goods/services to agricultural producers may be unable to pay bills and/or meet expenses because of the reduced purchasing power of the farmers and ranchers.

Eligible small businesses may qualify for loans up to \$1.5 million. These loans are available at a 4 percent interest rate with loan terms up to thirty years. SBA determines eligibility for the program based on the size and type of business and its' financial resources. Under this disaster declaration, SBA does not provide loans to agricultural producers, and cannot provide loans to non-agricultural dependent businesses. However, small businesses may contact their local SBA District office for information and other possible assistance. Farmers and ranchers should contact the Farm Services Agency, for information regarding additional loan programs.

"SBA is committed to helping small businesses overcome economic injuries and we offer the financial resources to accomplish this," Leggiero added.

For more information and to obtain a loan application interested business owners should contact the SBA Disaster Area 1 Office at **1-800-659-2955 or 1-800-877-8339** for the hearing impaired. Loan applications must be returned to SBA no later than June 23, 2003.

SBA and IRS to Conduct Free Small Business Workshop

The Small Business Administration and the Internal Revenue Service are hosting a free workshop on Hiring Employees and Subcontractors. The workshop will be held on Wednesday, January 8 at the Northern Rhode Island Chamber of Commerce, 6 Blackstone Valley Place, Suite 301, Lincoln, RI, from 9 a.m. to 1 p.m.

Normand Deragon, SBA Public Information Officer, will present an overview of the Agency's programs and services. SBA Marketing and Outreach Team Leader Patricia O'Rourke will explain How to Finance Your Small Business. IRS Tax Specialist Mary Marcotte will explain the business owner's tax reporting responsibilities when hiring employees and subcontractors.

To register for the workshop, call SBA at (401) 528-4561.

Electronic Version of SBA Communicator Available

An electronic version of the monthly Rhode Island District Office newsletter, *SBA Communicator*, is now available. Readers may **subscribe to the online version by visiting the SBA Web site at www.sba.gov.**

There are advantages to receiving the newsletter electronically. Recipients will get the news faster, usually days before those receiving it by mail. The electronic version arrives in full color. The file is small, so the newsletter can easily be forwarded to business associates and co-workers by e-mail.

Subscribing to the electronic newsletter is easy. After logging on to the SBA Web site, click on the Subscriptions button. Once on the subscription page simply scroll down and select the Rhode Island Newsletter. Then enter your name and e-mail address and click on the submit button. You will then receive a confirmation e-mail message. Follow the instructions and confirm your subscription request. You will then be added to the newsletter subscription list and will receive an e-mail notification when the latest *SBA Communicator* is ready for viewing. Each notification also contains simple instructions for unsubscribing from the list.



Rhode Island Export Assistance Center Receives Second BusinessLINC Grant

The Rhode Island Export Assistance Center (RIEAC) and Rhode Island Small Business Development Center (RISBDC) will continue to provide mentoring services to small businesses through the SBA's BusinessLINC program. RIEAC received a \$250,000 grant last fiscal year to launch the program and has received a second \$250,000 grant to continue the program this fiscal year.

BusinessLINC was formed to encourage the linkage of large businesses to small businesses and identifies the best practices of business-to-business relationship strategies.

RIEAC provides the overall project management while RISBDC develops and hosts technical assistance programs for grant participants.

Last year RIEAC and RISBDC recruited 85 proteges and 60 mentors, trained and coached the mentors, and developed training programs for the proteges.

This year the program will focus on mentor recruitment and retention and attracting more proteges into the one year program. A RIEAC marketing specialist will promote BusinessLINC and provide administrative support to the program managers.

To learn more about the BusinessLINC program contact the RI Export Assistance Center at (401) 232- 6407.

Joint SBA/Staples Newsletter Focuses on Federal Contracting

Small business owners looking for the latest information on how to find and obtain federal contracts should take a look at the November issue of the small business e-mail newsletter *SBA Solutions*. The free newsletter is a collaboration between the SBA and Staples, Inc.

SBA Solutions made its debut in September. This new tool is specifically designed to provide information useful to potential and established entrepreneurs, all in line with SBA's new focus on innovation, simplification, and dedication.

SBA Solutions provides an informative training tool to the small business community, and features an easy-to-navigate format and comprehensive sections introducing small business owners to important issues related to their companies. The sections include *What's New@SBA*, *Contracting through the HUBZone program*, *SBA Classroom*, *FAQs*, and links to articles designed to help small businesses succeed.

"At the SBA, we are dedicated to providing entrepreneurs what they need to succeed, and we are excited to cosponsor this newsletter with Staples," said SBA Administrator Hector V. Barreto. "*SBA Solutions* is the gateway to a wealth of resources on important subjects for every small business owner," Barreto said.

The newsletter also features articles on various topics relevant to small business, success stories, an SBA program highlight, and a message from Administrator Barreto.

For a free subscription to the *SBA Solutions* newsletter, go online at www.sba.gov/list.

Military Reservists Disaster Loan Application Available On-Line

Small businesses that employ military reservists who are called to active duty and are interested in applying for a Military Reservist Economic Injury Disaster Loan (MREIDL) may now download the application from the SBA's Web site.

The MREIDL program provides loans to eligible small businesses to cover operating expenses that would have been met, but cannot be met, because an essential employee was called to active duty during a period of military conflict in his or her role as a military reservist.

Small businesses may apply for MREIDLs of up to \$1.5 million if they have been financially affected by the loss of a key employee. These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that cannot otherwise be paid. The interest rate is 4 percent, with a maximum term of 30 years. The SBA determines the amount of economic injury, the term of each loan and the payment amount, based on the financial circumstances of each borrower.

The filing period begins the date the essential employee is ordered to active duty and ends 90 days after the date the employee is discharged from active duty.

To download the application, visit the Web site at www.sba.gov/disaster, or call the SBA Area I Disaster Office toll free at 1 (800)659-2955.

SBA Chief Counsel for Advocacy Calls On Fishery Council to Show Leadership

The SBA's Chief Counsel for Advocacy is urging the New England Fishery Management Council (NEFMC) to postpone changes to its groundfish management plan until problems with the data collection and economic impact on small business are resolved.

"Well managed fisheries depend on sound science," said Thomas M. Sullivan, Chief Counsel for Advocacy. "If the concerns of small fishermen are considered early in the regulatory process, less burdensome ways to achieve NEFMC's goals can be achieved. NEFMC has a tremendous opportunity to demonstrate leadership based on sound science and full consideration of how the council's plans will affect small businesses, which make up 99 percent of the fishing industry," Sullivan added.

The letter points out that under the Regulatory Flexibility Act (RFA), NEFMC is required to "fully consider the economic impact of its actions and meaningful alternatives that may minimize the economic impact on small entities."

The Office of Advocacy's letter concluded that NEFMC should "resist further consideration of a management plan for the groundfish fishery until the information survey and the independent research surveys are completed."

For more information and the complete text of the letter, visit the Office of Advocacy Web site at www.sba.gov/advo.



Thomas M. Sullivan

Small Business E-Commerce Trends Accelerate

Small business continues to embrace Internet technology, and smaller niche businesses are covering their Web site costs with increased revenues. These are just two of the trends in small business e-commerce cited in "E-Biz.com: Strategies for Small Business Success," released by the SBA Office of Advocacy.

The report, authored by Joanne H. Pratt, documents current trends in small business e-commerce, and generates new statistics based on interviews conducted by the executive interviewing group of the Gallup Organization.

"The report outlines trends and strategies for success in e-commerce and details new findings that include 65 percent of small, niche firms make a profit or cover the costs of their Web sites; less than 10 percent of small businesses' online commerce is business-to-business; and the smallest firms (fewer than 10 employees) benefit the most from being online.

"Leading edge entrepreneurs are demonstrating that the Internet offers unparalleled opportunities for small business by developing imaginative ways to conduct e-business," said Pratt. "As these trends accelerate so too will small business' role in the virtual economy," Pratt added.

Seminar Planned for Tax Professionals

A day-long seminar for tax professionals is being co-sponsored by SCORE and Citizens Bank. The 8th Annual Federal and Rhode Island Tax Update will take place on Tuesday, December 3rd from 8:30 a.m. to 4:30 p.m. at Lombardi's 1025 Club, 1025 Plainfield Street, Johnston, RI. Cost of the session is \$125 and includes reference materials, continental breakfast and lunch.

SCORE is a resource partner of the U.S. Small Business Administration, and is dedicated to aiding in the formation, growth, and success of small business nationwide.

The workshop is designed to provide the latest changes in Federal and Rhode Island tax laws for accountants, tax professionals, trust officers, financial planners, controllers, and small business owners.

Topics to be covered include new tax law changes, general corporate updates, individual updates, and estate and gift tax changes.

Instructors for the workshop are from the accounting firm of Plourde, Bogue, McLaughlin & Moylan, LLP.

Seating is limited and 8 CPE credit hours are recommended for this seminar. Register by sending your name, company name, address, and telephone number to SCORE at 380 Westminster Street, Room 511, Providence, RI 02903. Make checks payable to SCORE.

For more information about the program, contact David Lucier, CPA at (401) 946-1900, or SCORE at (401) 528-4571.

Report Says Tinkering with Taxes Hinders Small Business Planning

Tinkering with the tax system and unexpected changes in tax rates make running a small business much more difficult and result in lower economic growth. These are the findings of a paper presented to the National Tax Association's 95th Annual Conference on Taxation by Dr. Radwan Saade of the SBA's Office of Advocacy.

The paper, "Rules Versus Discretion in Tax Policy," applies analysis used in macroeconomic policy to understand the role and effects of "rules" in tax policy. These rules include mandated balanced budgets and legislative super majorities needed to change tax rates.

The paper notes that typical small business plans span five to 10 years. These plans require that the business owner make assumptions about the tax and regulatory environment, so that the plans make sense. Yet, this planning horizon is longer than the political election cycle. With adjustments to the tax code hinging on election outcomes, the result is less predictability. Less predictability means less economic stability, which means slower economic growth.

Rules implemented by some states, such as restraints on spending or revenues, offset tax tinkering and result in greater stability and predictability for small business owners.

The complete text of the paper is available by visiting the SBA Office of Advocacy Web site at www.sba.gov/advo.

SBA Communicator Subscription Renewal Form

In order to continue receiving your free copy of the *SBA Communicator* each month, please complete this form and return it to the SBA by fax at (401) 528-4539 or by mail to SBA Communicator, U.S. Small Business Administration, 380 Westminster Street, Room 511, Providence, RI 02903.

Forms must be received by December 31, 2002 in order to continue your subscription

() I wish to continue my **FREE** subscription to *SBA Communicator* by mail.

() Please sign me up for the **FREE** electronic version of *SBA Communicator*.
(E-mail address must be provided to receive electronic version)

Name

Address

From the Director's Desk



We have started off Fiscal Year 2003 with a rush of loans that far surpasses all prior records. Based on the trends, we are predicting that we will exceed that magic number of 1000 loans.

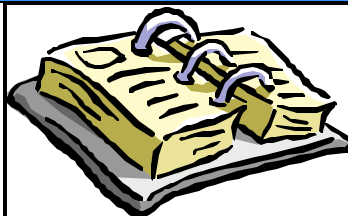
Earlier this month, Administrator Baretto called together all district directors at a management conference in San Diego, California. During the three day conference, we heard the Administrator and Deputy Administrator express their vision for the agency this year. As the author of the "Goals Team Report," I had the good fortune of making the presentation to my fellow district directors. The report talked of aggressively marketing to the small business community and to our lending partners.

The group was also hosted in Mexico on Friday. This provided us with an opportunity to see first hand what some of our counterparts are doing across the border. Rhode Island was represented wherever we traveled. We began the day with breakfast with members of the Tijuana Chamber of Commerce. I was honored to be one of four district directors presenting our cooperative efforts to help American small business trade with Mexico. My segment focused on the excellent working relationship with our friends and partners at the Rhode Island Export Assistance Center at Bryant College. Ray Fogarty, RIEAC Director, provided me with statistics and other material that impressed our hosts and my fellow directors.

We then had the opportunity to tour "Plantronics," a Tijuana manufacturer. As we walked through their operation, there sat a box marked for a company in Woonsocket, Rhode Island. This was noticed by the Administrator and upon checking learned that this Woonsocket-based company was financed with an SBA-guaranteed loan.

As we move forward over these next few weeks, we will be developing our strategic plan for the district office. The plan will include our desire to market SBA programs with our lending partners, chambers of commerce and associations in each of Rhode Island's cities and towns. You all are an important part of this plan. I would really like to hear your wishes and desires and incorporate them in our process.

On behalf of the entire staff of the Rhode Island District Office I want to take this opportunity to wish each of you and your families a Happy Thanksgiving.



Calendar Of Events

Tuesday, November 26 9-11 a.m. FREE

Mailpiece Design for Printers and Graphic Designers

USPS Business Mail Entry Office,
Main Post Office, 150 Corliss Street, Providence, RI
Workshop is for persons who design mail pieces for companies and other organizations. Session will familiarize attendees with physical requirements for mail pieces, placement of graphics and ad copy. Register by calling 1(800)755-2398.

Tuesday, December 8:30 a.m. – 4:30 p.m. \$125.00

Federal and Rhode Island Annual Tax Update

Lombardi's 1025 Club, 1025 Plainfield Street, Johnston, RI
Co-sponsored by SCORE and Citizen's Bank.
Seminar for accountants, tax professionals, trust officers, financial planners, controllers, and small business owners. Program covers new tax law changes, corporate and individual updates and estate and gift tax updates. Register by calling SCORE at (401) 528-4571.

Friday, December 13 9-10 a.m. FREE

CWE Monthly Information Session

Center for Women and Enterprise
55 Claverick Street, Suite 102, Providence, RI
Learn about CWE's services, which include classes, seminars, counseling, financial packaging, networking and much more. Meet the staff, pick up literature and a business plan outline. Register by calling (401) 277-0800.

Wednesday, December 3 11 a.m. – 1 p.m. FREE

Networking Forum

Center for Women and Enterprise
55 Claverick Street, Suite 102, Providence, RI
Open forum for new entrepreneurs to meet and discuss business ideas. The sessions are open to all and is loosely structured to allow participants to bring up topics of interest to them. Very informal. Registration required by calling (401) 277-0800.

Wednesday, January 8 9 a.m. – 1 p.m. FREE

Hiring Employees and Subcontractors: Your Responsibility

Northern Rhode Island Chamber of Commerce,
6 Blackstone Valley Place, Suite 301, Lincoln, RI.
Co-sponsored by SBA and the Internal Revenue Service.
Program includes an overview of SBA programs and services and How to Finance Your Small Business. Register by calling



Visit our Web Site
www.sba.gov/ri



Rhode Island Success Story

Fenestration Architectural Products

What do the Rhode Island Convention Center, the Westin Hotel, T. F. Green Airport, the Manchester Street Power Station, and the new Providence Public Safety Complex all have in common? They have windows or window components from Fenestration Architectural Products, LLC.

Fenestration, based in East Providence, RI, was established in 1991 by Abdel M. Elsayabi, and began as a manufacturer of aluminum windows for commercial projects.

Abdel's quest for entrepreneurship started in the early nineties, during the height of an economic recession and Rhode Island's banking crisis. His employer at the time was one of those victims.

Abdel Elsayabi had moved from California to Rhode Island for employment. He was an architect by trade, with a degree from Cairo University in Egypt, and started work in operations with a company that manufactured aluminum windows. This experience provided the foundation for Abdel's venture. When the company that employed him went out of business, as a result of the banking crisis, Abdel decided to start his own small aluminum window manufacturing company.

Abdel's venture started with the development of a business plan and the assistance of an investor to provide him with the necessary capital. He also received free services from the Rhode Island Small Business Development Center (RISBDC) at Bryant College, a program sponsored in part by the U. S. Small Business Administration (SBA).

The RISBDC provided Abdel with a consultant to assist him with the development of his business plan. He also took advantage of a number of educational training programs offered by the RISBDC.

Fenestration's first contract was with the U. S. Navy in Groton, CT. As the business grew its focus changed from manufacturing to installation.

In 1999, two partners, with many years of combined experience in the glass industry, joined Fenestration. The company changed its name to Fenestration Architectural Products, LLC to accommodate the shift in its core business and also focused on informing potential customers of the company's experience and knowledge of working with a variety of building materials, other than glass.

Expansion also brought about the need for the company to find alternate means to finance new projects. Early on the company obtained financing from the Minority Investment Development Corporation, a SBA lender.



**Abdel M. Elsayabi, President
Fenestration Architectural Products**

Continued growth brought about the need for additional capital to finance new projects.

Financing was obtained in 2000 through Bank Rhode Island with a line of credit guaranteed by SBA under its CAPLines Working Capital Loan Program. The CAPLines program is an umbrella loan program that provides small businesses with working capital for short term or cyclical working capital needs. Growth has not been without difficulty or challenges. One project, located in Wisconsin, proved to be difficult to manage and costly too. When the contractor failed to make its final payment, Fenestration pursued payment through legal channels. Legal costs accumulated and eventually exceeded the amount of money owed to Fenestration. In retrospect, Abdel said he would have preferred to resolve the issue with this business through negotiation rather than litigation and considers negotiation to be an important business skill. Today, Fenestration employs 35 people, and in 2001 posted sales that exceeded \$5.0 million. Abdel attributes the success of Fenestration to its talented employees and the company's commitment to providing its customers with excellent service.

Abdel considers Fenestration to be a relatively young company that must continue to thrive and grow by winning contracts and maintaining a reputation for quality work. When asked what he liked most about operating his own small business he said, "It's a challenge every day and at the end of each day you feel you have accomplished something."

Abdel had this bit of advice for others interested in starting their own business, "If you don't try, you are never going to learn." He added, "Decide what it is that you want to do, know your market, and try to find a niche for yourself."

Rhode Island District Office BankRank

FY03 7(a) Approved Loan Volume by Lenders and Number of Loans 10/1/02 to 10/31/02

1. Citizens Bank of Rhode Island	88	\$2,732,000
2. Fleet Bank	11	\$714,000
3. BankRI	5	
\$805,000		
4. The Washington Trust Co.	3	\$330,000
5. Enterprise Capital Corporation	2	\$578,750
6. Home Loan and Investment Bank	1	\$200,000
7. Coastway Credit Union	1	\$196,000
8. Minority Investment Development Corp.	1	\$95,000
9. First International Bank	1	\$75,000
10. Sovereign Bank New England	1	\$50,000
11. Bank of Newport	0	
12. Bristol County Savings Bank	0	
13. Business Dev. Co. of Rhode Island	0	
14. Business Lenders LLC	0	
15. Business Loan Express	0	
16. CIT Small Business Lending	0	
17. Domestic Bank	0	
18. First Federal Savings Bank	0	
19. First Trade Bank	0	
20. First Union Small Business Capital	0	
21. GE Capital Small Business Finance Corp.	0	
22. Greenwood Credit Union	0	
23. Newport Federal Savings Bank	0	
24. Slade's Ferry Bancorp	0	
25. Small Business Loan Source, Inc.	0	
26. Union Federal Savings Bank	0	
Sub-Total:	114	\$5,775,750

Ocean State Business Development Authority

Ocean State Business Development Authority is a Certified Development Company licensed by the SBA. The following lenders approved first mortgage financing on economic development projects, thereby facilitating the 504 loans listed below from 10/1/02 through 10/31/02.

Lender	Number Loans	SBA Debenture	Total Project
First Trade Union Bank	1	\$558,000	\$1,350,000
Fleet Bank	1	\$537,000	\$1,300,000
Coastway Credit Union	1	\$202,000	\$487,500
Total 504 Loans	3	\$1,297,000	\$3,137,500

Total Loans

117

\$7,072,750

U.S. Small Business Administration
Rhode Island District Office
380 Westminster Street, Room 511
Providence, Rhode Island 02903
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District Director

Mark S. Hayward

Editor

Normand T. Deragon

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normand.deragon@sba.gov

Mark Your Calendar



Rhode Island Minority Enterprise Development Week

January 20-24, 2003